

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

DIGITAL REG OF TEXAS, LLC,

No. C 12-1971 CW

Plaintiff,

ORDER DENYING
DEFENDANTS' MOTION
FOR PARTIAL
SUMMARY JUDGMENT
(Docket No. 427)

v.

ADOBE SYSTEMS INCORPORATED, et
al.,

Defendants.

Defendants Adobe Systems Incorporated, Electronic Arts, Inc., and Symantec Corporation¹ have filed a motion for partial summary judgment of noninfringement on the ground that their and their customers' use of the accused products in combination with any Microsoft product is licensed under Plaintiff Digital Reg's 2009 Patent License and Settlement Agreement with Microsoft. Plaintiff opposes the motion. Having considered the parties' papers, the Court DENIES Defendants' motions.

BACKGROUND

Plaintiff brings this suit against Defendants alleging infringement of seven patents, Patent No. 6,389,541 (the '541 patent), Patent No. 6,751,670 (the '670 patent), Patent No. 7,127,515 (the '515 patent), Patent No. 7,272,655 (the '655 patent), Patent No. 7,421,741 (the '741 patent), 7,562,150 (the '150 patent), and Patent No. 7,673,059 (the '059 patent).

¹ Defendants state that Defendant Ubisoft might seek to join their motion for summary judgment. Ubisoft has not yet done so. Any future motion by Ubisoft on the grounds addressed in the instant motion for summary judgment will likely be denied.

1 Defendants now move for partial summary judgment, arguing
2 that, to the extent the accused products are used in combination
3 with Microsoft products, that use is permissible under a 2009
4 settlement agreement and license between Plaintiff and Microsoft
5 (Microsoft License).

6 The Microsoft License agreement resolved a 2007 lawsuit
7 Plaintiff filed against Microsoft in the Eastern District of Texas
8 for infringement of the '541 patent. The Microsoft License grants

9 to Third Parties, including but not limited to direct
10 and indirect customers, licensees, purchasers,
11 resellers, distributors and end users of Microsoft
12 Products, a worldwide, non-exclusive, non-transferable,
13 non-sublicensable, fully paid-up irrevocable license
14 under the Licensed Patents: (a) to use, sell, offer to
15 sell, repair, maintain, support, dispose of, and
16 otherwise exploit, including, but not limited to
17 providing, distributing, exporting, and importing,
18 whether alone or in combination with other things,
19 Microsoft Products and (b) to use, whether alone or in
20 combination with other things, Microsoft Products to
21 perform, practice and use any process, method, formula
22 or subject matter covered by, or which are a component,
23 step, feature or element of any process, method, formula
24 or subject matter covered by, or which are a component,
25 step, feature or element of any process, method, formula
26 or subject matter covered by, any claim of any Licensed
27 Patent.

19 Greenblatt Dec., Ex. 1 ¶ 2.1.2. The Microsoft License further
20 defines "Licensed Patent" as:

21 (a) U.S. Patent No. 6,389,541 (the "'541 Patent"), (b)
22 any and all patents and patent applications throughout
23 the world that claim priority from, or contain any claim
24 that could have claimed priority from, the '541 Patent,
25 (c) each and every patent and patent application related
26 to any of (a) or (b) and (d) every substitution,
27 divisional renewal, extension, continuation,
28 continuation-in-part, foreign counterpart, reissue or
re-examination of any of (a), (b) or (c).

26 Greenblatt Dec., Ex. 1 ¶ 1.5.

27 The parties to the license agreed that it would be governed
28 by Washington State law. Greenblatt Dec., Ex. 1 ¶ 7.7. Microsoft

1 paid Plaintiff \$487,500 for the release of Plaintiff's claims and
2 the license.

3 LEGAL STANDARD

4 Summary judgment is properly granted when no genuine and
5 disputed issues of material fact remain, and when, viewing the
6 evidence most favorably to the non-moving party, the movant is
7 clearly entitled to prevail as a matter of law. Fed. R. Civ. P.
8 56; Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986);
9 Eisenberg v. Ins. Co. of N. Am., 815 F.2d 1285, 1288-89 (9th Cir.
10 1987).

11 The moving party bears the burden of showing that there is no
12 material factual dispute. Therefore, the court must regard as
13 true the opposing party's evidence, if supported by affidavits or
14 other evidentiary material. Celotex, 477 U.S. at 324; Eisenberg,
15 815 F.2d at 1289. The court must draw all reasonable inferences
16 in favor of the party against whom summary judgment is sought.
17 Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574,
18 587 (1986); Intel Corp. v. Hartford Accident & Indem. Co., 952
19 F.2d 1551, 1558 (9th Cir. 1991).

21 Material facts which would preclude entry of summary judgment
22 are those which, under applicable substantive law, may affect the
23 outcome of the case. The substantive law will identify which
24 facts are material. Anderson v. Liberty Lobby, Inc., 477 U.S.
25 242, 248 (1986).

DISCUSSION

Defendants argue that (1) they are "Third Parties" under the terms of the Microsoft License; (2) the six other patents-in-suit are "related" to the '541 patent and are therefore "Licensed Patents" under the terms of the Microsoft License; and (3) Plaintiff's infringement contentions are based, at least in part, on Defendants' and their customers' use of the accused products in combination with various Microsoft products. Accordingly, Defendants seek partial summary judgment that certain products are licensed and do not infringe any patent-in-suit when used in combination with a Microsoft product.

Plaintiff counters that the six other patents-in-suit are not "Licensed Patents" and Defendants' and their customers' use of the accused products does not fall within the license granted to third parties under the terms of the Microsoft License.

I. Licensed Patents

Defendants argue that each of the seven patents-in-suit is a "Licensed Patent" as defined by the Microsoft License. Defendants note the broad inclusion of "each and every patent and patent application related to" the '541 patent in the definition. See Greenblatt Dec., Ex. 1 at ¶ 1.5(c). Defendants argue that the six other patents-in-suit are clearly "related to" the '541 patent.

Plaintiff counters that, in the context of the Microsoft License as a whole, the term "Licensed Patents" can only be reasonably read to refer to the '541 patent and other patents that are part of the '541 patent "family tree," meaning those patents in a technical priority relationship with the '541 patent.

1 Further, Plaintiff argues, none of the six other patents-in-suit
2 are part of that family tree.

3 Defendants argue that "related to" must refer to more than
4 the patents in the '541 family tree because limiting the "related
5 to" clause to patents in the '541 family tree would make that
6 section of the definition redundant of section (b), which includes
7 "any and all patents and patent applications throughout the world
8 that claim priority from, or contain any claim that could have
9 claimed priority from, the '541 Patent." Greenblatt Dec., Ex. 1
10 at ¶ 1.5(b). But, as Plaintiff points out, section (b) only
11 refers to "descendant" patents, that is patents that claimed or
12 could have claimed priority from the '541 patent, not "ancestor"
13 patents, patents from which the '541 claimed or could have claimed
14 priority. Although the '541 patent did not claim priority from
15 any other patent, there is no evidence that it could not have done
16 so. The parties reasonably could have intended the license to
17 extend to those patents from which the '541 patent could have
18 claimed priority, even though it did not. The Court finds that
19 there are triable questions of fact with respect to the meaning of
20 the term "related to" in the definition of "Licensed Patents."

21 Defendants further argue that the six other patents-in-suit
22 are related to the '541 patent because Plaintiff has represented
23 that they "relate to similar subject matter" and described the
24 patents as part of "the superdistribution family of patents." See
25 Docket No. 71 at 11 n.22, Greenblatt Dec., Ex. 5 at 321. However,
26 this argument relies on Defendants' broad interpretation of the
27 term "related to." As discussed above, the Court finds that
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1 triable questions of fact remain with respect to the proper
2 interpretation of the contract language.

3 II. "In Combination With" "Microsoft Products"

4 Defendants argue that, at least in certain circumstances,
5 each of the accused products is used in combination with a
6 Microsoft product. Defendants further contend that, as a third
7 party, use of the accused products is permissible under Paragraph
8 2.1.2 of the Microsoft License. However, Defendants have not
9 shown as a matter of law that the language of Paragraph 2.1.2
10 grants a license to all Third Parties to use all products that
11 perform a claim of the patents in issue as long as they use them
12 in combination with Microsoft Products. Instead, this license may
13 be to use "Microsoft Products" that perform a claim of "any
14 Licensed Patents," whether in combination with other things or
15 not.

16 Paragraph 2.1.2(b) provides a license to Third Parties
17 to use, whether alone or in combination with other
18 things, Microsoft Products to perform, practice and use
19 any process, method, formula or subject matter covered
20 by, or which are a component, step, feature or element
of any process, method, formula or subject matter
covered by, any claim of any Licensed Patent.

21 Greenblatt Dec. Ex. 1 at ¶ 2.1.2(b). One reasonable reading of
22 this provision is that the "to perform" and the "which are"
23 clauses refer to "Microsoft Products." The phrase "whether alone
24 or in combination with other things" could reasonably be
25 interpreted to describe how the Microsoft Product might perform a
26 claim of a patent or may constitute a component or feature of a
27 patent. Read in this manner, the provision does not extend the
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1 License to any other product that is used in combination with a
2 Microsoft Product.

3 The Court finds that Defendants have not shown as a matter of
4 law that the Microsoft License extends to any product when used in
5 combination with a Microsoft product. The Microsoft License may
6 only extend to Microsoft products that perform any claim of any
7 Licensed Patent, whether used alone or in combination with other
8 things.

9 CONCLUSION

10 For the foregoing reasons, the Court DENIES Defendants'
11 motion for partial summary judgment. (Docket No. 427.) The start
12 of the trial of this case must be delayed until May 12, 2014.

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14 IT IS SO ORDERED.

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16 Dated: 9/26/2013

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18 CLAUDIA WILKEN
19 United States District Judge
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